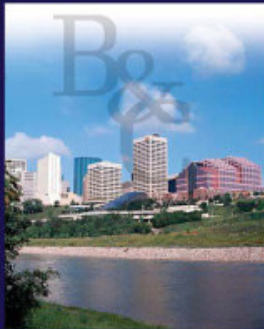


Professional Appraisals for Litigation Support



BOURGEOIS & COMPANY LTD.
REAL ESTATE
CONSULTANTS & APPRAISERS



*"Providing Real Estate
Appraisal and
Advisory Services
to Western Canada
since 1979."*

Presenter:

*Jaclyn Bourgeois Senio,
BComm CRA*

Current Edmonton Real Estate Values (Residential Properties)

- Don't believe everything you read in the paper
- Market peaked in July of 2007
- Still a relatively large supply of inventory
- Combined with a relatively low demand
- Consistent downward trend since this time
- Values are relative to the area, age, construction etc.

“Value” Misconceptions

- Appraisals vs. Property Assessments: general misconception of homeowners that they are one and the same....misleading expectations.
- Assessments are not reliable as a market evaluation tool....generated off a mass model for tax purposes.
- They use dated information that can also be unreliable.
- Rarely use these values for accurate market value estimates.
- Appraisals evaluate the property as a specific entity at a specific time

Differences Between Market Values and Assessments

- 2008 assessments were at an all time high
- These values were based off of peak July 2007 prices
- 2009 assessments were released in early January 2009
- In most cases, '09 assessments were lower than the '08 assessments
- We are finding that market value is consistently lower than the '09 assessments.



Limitations of an Appraisal Report

- We look at houses like a purchaser would
- We provide an un-biased opinion of value
- Cost vs. Market Value
- No Income analysis in residential properties
- Appraisers are not: Home Inspectors, Engineers, Safety Code Inspectors

Acceptable Ranges of Market Value

- Important for us to know who's behalf we are supporting and what the objectives are (ie. Buy or Sell)
- Our analysis provides a narrowed range of values to which we allocate a fair value from within that range
- Limited access to the property may result in a less reliable value from the adjusted range (ie. Difficult to appraise a property we did not view)
- We are liable for our opinions and all information in the report is verifiable and researched

What to look for in an appraisal report to help support your position

- Check for errors, sloppiness
- Lack of credible comparables
- Appropriate time adjustments in volatile market conditions – over extended time periods (ie. 3 months)
- Active listings used as comparables with no justification
- No commentary and/or justifications for large adjustments on comparables properties
- Brief or lack of commentary on unusual aspects of a house or known deterioration

What you can do to make us more effective in supporting your client

- **Provide as much info as possible**
 - Access to the property...
 - In some cases safety may be an issue
 - Clear effective dates on the appraisals (ie-backdated/ historical dates)
 - Clear instructions with contact info, who and where to send it to
 - Get an updated appraisal if more than 6 mos. pass and the issues are not resolved

Variations in the opinion of values

- It is just that.....an opinion of value.
- Different people, have different opinions, preferences, likes/ dislikes and may favor certain neighborhoods, renovations etc.
- Different comparables were used
- Variable adjustments for location, condition etc.
- However values should not have huge discrepancies between appraisers...

Questions & Answers

- Values have dropped since 2008 assessments!
- More reasonable asking prices are leading to stabilized sales trends once again!
- Turnaround Times, Trends etc.
- Ethics: bound by RECA, Appraisal Institute of Canada

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Thank You!

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